

OUTGOING MESSAGE

25X1

Approved For Release 2004/10/12 : CIA-RDP78S01932A000100150068-8

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CLASSIFICATION

SECRET

MESSAGE HANDLING INDICATOR

CIA/OCI/WHIZWH

740828

DATE-TIME GROUP

CITE

MESSAGE REFERENCE NUMBER

CIA/WHSS

SOURCE REF:

ROUTING	1		4		7		10	
	2		5		8		11	
	3		6		9		12	

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ITEM NO:

WH-1

DATE : 28 AUGUST 1974

SUBJECT: ARAMCO CUTS BACK OIL PRODUCTION IN SAUDI ARABIA

THE ARAMCO PARENT OIL COMPANIES--EXXON, SOCAL, TEXACO, AND MOBIL--REVEALED A REDUCTION IN THEIR OIL PRODUCTION FROM SAUDI ARABIA THIS WEEK. THE COMPANIES SAY THAT THEIR STORAGE TANKS ARE FULL AND THAT THEY CANNOT SELL ALL OF ARAMCO'S OUTPUT AT CURRENT PRICES. AS A RESULT, ARAMCO'S PRODUCTION, WHICH HAD BEEN RUNNING AT OUR 8.5 MILLION B/D, MAY NOW BE AS LOW AS 7.7 MILLION B/D. THE COMPANIES HAVE IN EFFECT SERVED NOTICE ON SAUDI ARABIA THAT IF IT WANTS TO MAINTAIN OR INCREASE CURRENT PRODUCTION IT WILL HAVE TO ACCEPT LOWER PRICES.

THE REDUCED PRODUCTION IN SAUDI ARABIA AND SIMILAR CUTBACKS IN LIBYA, KUWAIT, AND VENEZUELA ARE EXPECTED TO REDUCE SUBSTANTIALLY THE CURRENT EXCESS IN WORLD OIL PRODUCTION. FREE WORLD OIL SUPPLY

DATE:

ORIG:

UNIT:

EXT:

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RELEASING OFFICER

COORDINATING OFFICERS

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DEMAND HAS BEEN RUNNING AT ABOUT 47 MILLION B/D WHILE FREE WORLD
OIL SUPPLY THROUGH JUNE WAS RUNNING AT NEAR 50 MILLION B/D. THE
RECENT CUTBACKS ARE NOW EXPECTED TO REDUCE SUPPLY TO UNDER 47.5
MILLION B/D FOR A PRODUCTION SURPLUS LESS THAN 500,000 B/D.
EVEN IF SURPLUS PRODUCTION IS ENTIRELY ELIMINATED, IT WILL BE
SOME MONTHS BEFORE WORLD OIL STOCKS ARE DRAWN DOWN TO THE LEVELS
CONSIDERED NORMAL IN RECENT YEARS.

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